

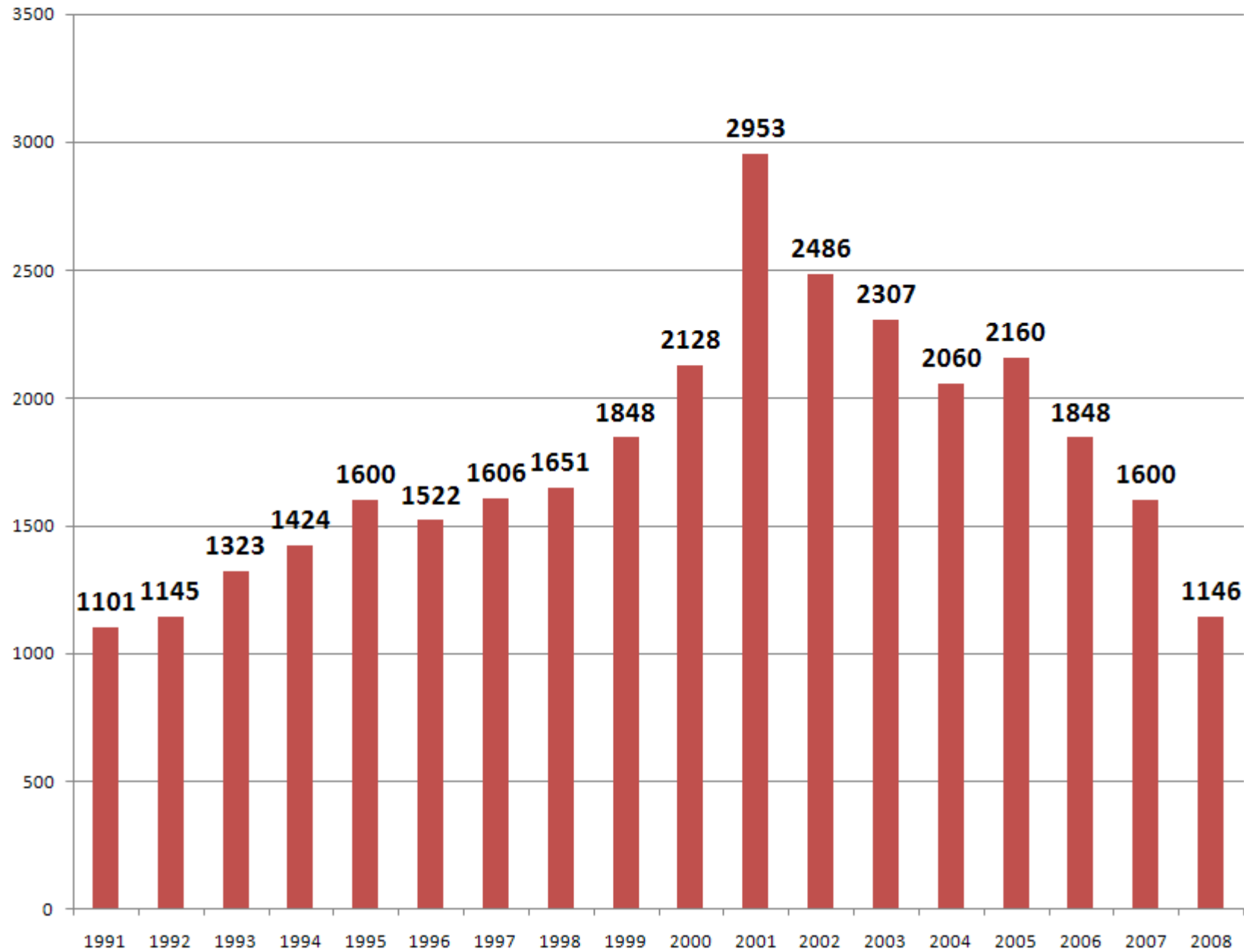
## PCF Administrative Expenses & Number of Employees Per Fiscal Year

• 2007/08	\$3,342,400	44
• 2006/07	\$3,773,000	43
• 2005/06	\$3,304,508	37
• 2003/04	\$2,010,588	36
• 2000/01	\$1,476,257	27
• 1996/97	\$1,118,500	26
• 1995/96	\$1,137,772	24
• 1992/93	\$ 988,671	20

# Medical Review Panels

The next slide represents the number of requests for medical review panels received by the PCF during each calendar year shown. As you will note, the numbers steadily increased from 1977 through 2000, then in 2001 there was a spike. This was the result of 750 requests being filed concerning the drug Resulin where adverse results were alleged. The impact of Hurricane Katrina can be seen in the decline in panel requests during 2006 and 2007. There were 197 requests filed as a result of Hurricane Katrina. There continues to be a decline in the number of panels requests filed.

**Number of Panels Filed Per Year (As of 9/08)**



# Claims

The PCF currently has a claims staff of 14 adjusters, 2 supervisors and a claims manager. These employees are responsible for the monitoring of the claims while they are handled by the primary insurance company's attorney and working with all parties when a settlement is being proposed. Five of the adjusters are responsible for processing the payments for those plaintiffs found to be in need of ongoing medical care.

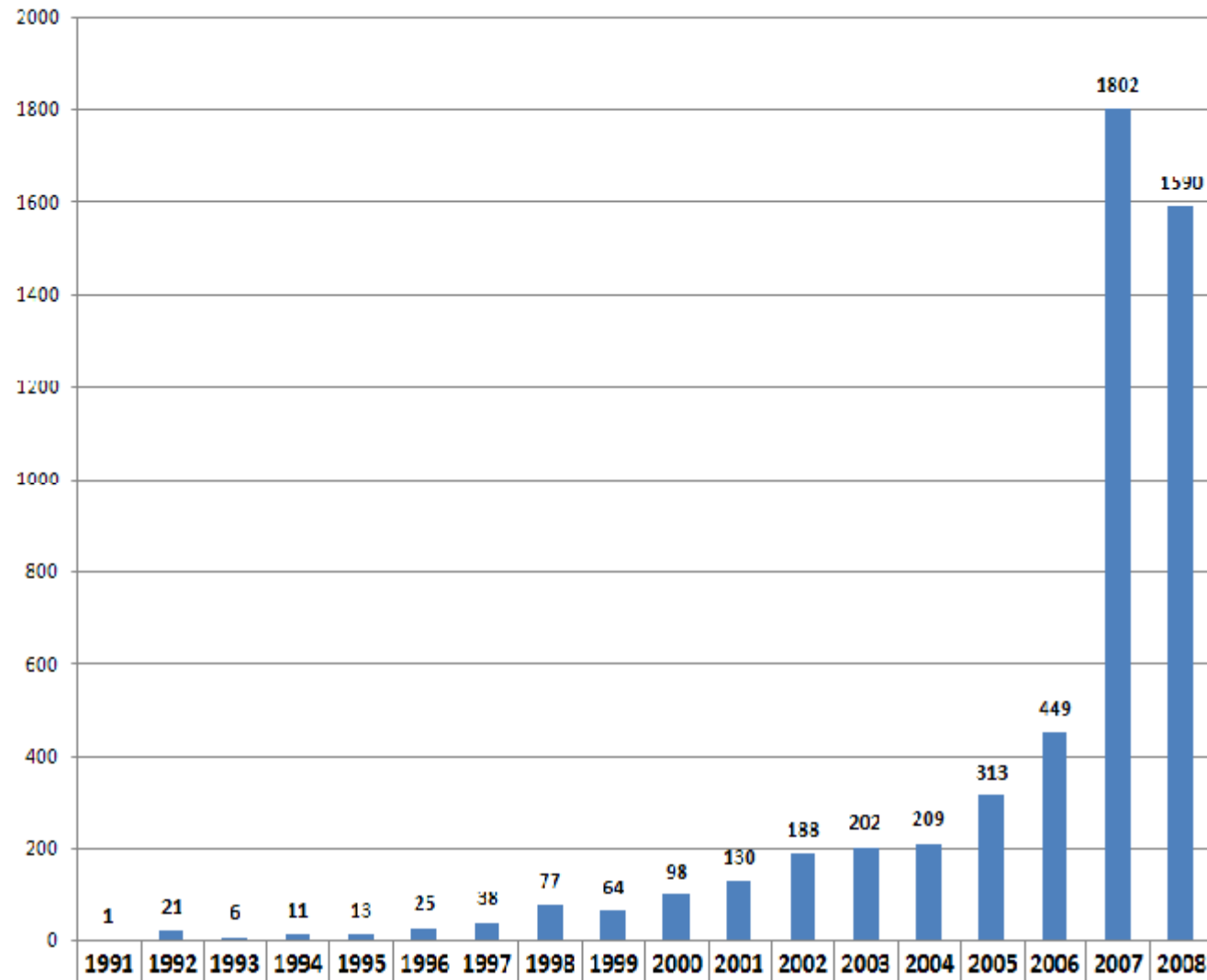
Defense attorneys are only assigned when an adjuster is unable to reach a settlement with the plaintiff or when litigation or discovery through the court is necessary. About 1/4 of the claims handled by the litigation adjusters have attorneys assigned on behalf of the PCF. This is a savings to the PCF and the providers that pay into the agency, as well as the injured parties as it often speeds up the process. The PCF is not involved in the initial litigation, but only becomes involved if there is a settlement in which additional monies are demanded from the PCF or when a judgment exceeds the primary layer of \$100,000. Thus, until such time as the PCF is put on notice that a claim has potential exposure to impact the PCF layer and sufficient information upon which to estimate that exposure, the PCF does not place a reserve on the claim. As a result of this, only 22% of pending claims have reserves. The true exposure to the PCF is unknown. We have stressed to all those involved the importance of keeping us informed and in providing information to the PCF so that we can properly assess our claims and set appropriate reserve estimates. There has been an improvement in this area own.

# OPEN CLAIMS

- As the claims filed started rising, the PCF stressed the need for information from the primary insurers, providers and their attorneys so that inactive claims could be closed in the PCF system. These efforts are apparent as there was a dramatic reduction in the number of pending claims as seen below.

• Jan 2002	10,499
• Jan 2003	12,152
• Jan 2004	11,965
• Jan 2005	9,426
• Jan 2006	7,816
• Jan 2007	7,165
• Aug 2007	6,700
• Aug 2008	6,075

**Open Claims by Year Filed (As of 9/08)**

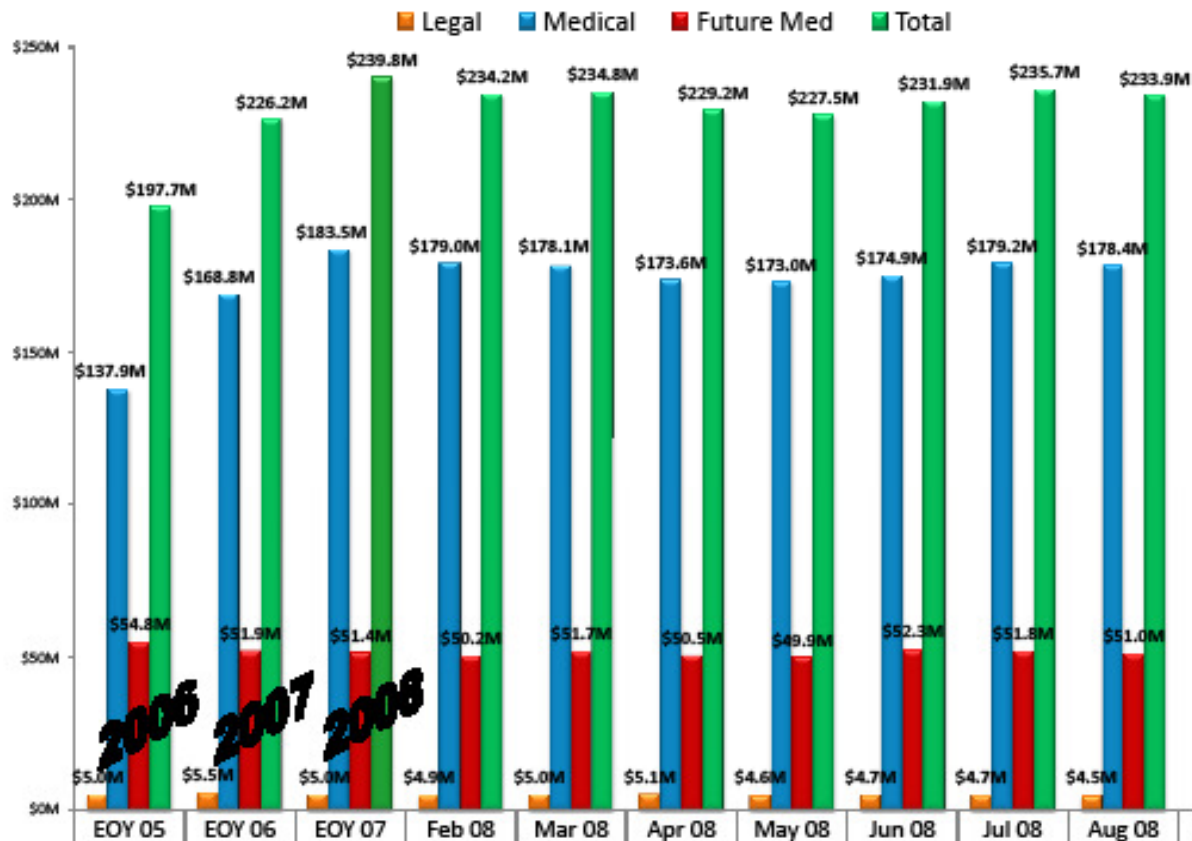


Open Claims by Year Filed	1	21	6	11	13	25	38	77	64	98	130	188	202	209	313	449	1802	1590
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# Claim Payments

The total paid to claimants over the years have steadily increased. The following charts show the payments made for the calendar years shown. Most slides show data for a 10 year period. The chart showing average payments reflects payments without medical expenses and then with medical expenses. This shows the impact of the change in the MMA in 1984 which added unlimited medical expenses, removing them from the cap of \$500,000. Since the underlying insurer or self-insured provider handles the initial litigation as the PCF is not considered a party until settlement or judgment, delays by them in resolving claims often results in the PCF paying a substantial amount in interest. The PCF adjusters are able to handle the majority of the claims to a conclusion without retaining defense attorneys, saving money for the providers and speeding up the reimbursement to the claimants. Also, less spent on legal costs, means more funds are available to reimburse injured parties. However, to achieve these savings, the PCF depends on the cooperation of the underlying insurer and their attorneys and the plaintiff attorneys.

## Reserves over Time



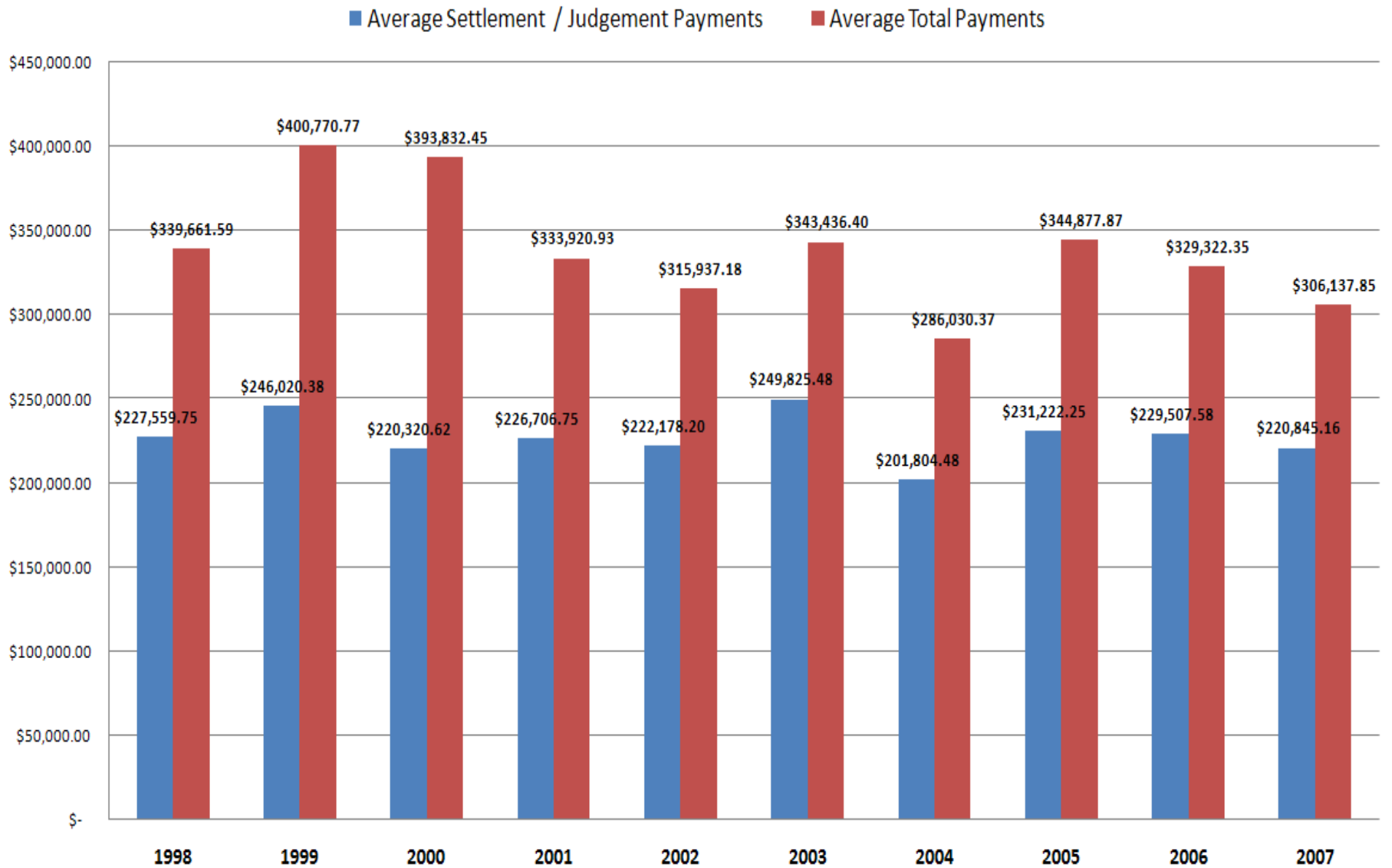
Report Ran: 8/1/2008



# Settlement and Judgements over the Years

Year	Claims Settled	Claim Payments (Minus Legal)
1997	150	\$ 55,727,580.47
1998	179	\$ 66,461,438.03
1999	163	\$ 81,000,452.79
2000	159	\$ 63,697,356.23
2001	177	\$ 64,581,499.89
2002	209	\$ 71,222,084.06
2003	201	\$ 76,686,165.50
2004	202	\$ 66,297,524.29
2005	196	\$ 71,989,899.68
2006	295	\$ 107,023,124.78
2007	316	\$ 103,363,305.09

**Average Lifetime Settlement / Judgement Payments Per Claim  
VS  
Average Lifetime Total Payments (minus legal) Per Claim (Based on Year Settled)**



# Interest and Legal Payments by Year

Years	Interest Payments	Legal Payments
2000	\$ 6,514,181.06	\$3,745,668.97
2001	\$ 5,930,218.72	\$3,536,921.74
2002	\$ 5,672,296.09	\$3,708,402.71
2003	\$ 5,871,296.53	\$3,990,441.41
2004	\$ 4,677,333.82	\$5,245,725.92
2005	\$ 5,585,778.24	\$4,503,189.22
2006	\$ 6,745,799.31	\$4,316,196.58
2007	\$ 3,228,299.39	\$4,116,059.07

# Future Medicals

- The Act was amended in 1984 to “uncap” related medical expenses
- Currently the PCF pays ongoing medical expenses on 160 patients in the amount of approximately \$1,000,000 per month.
- Over the years, future medicals have been paid on 229 claims involving physicians and 114 involving hospitals, with a small number paid on various other providers
- Over \$216,555,954 has been paid by the PCF for ongoing medical expenses (paid after settlement & as incurred) since the change in the Act

<b>Year</b>	<b>Future Medical Payments</b>	<b>Past Medical Payments</b>	<b>Total For Year</b>
1997	\$ 7,212,867.28	\$ 3,556,108.77	\$ 10,768,976.05
1998	\$ 11,231,162.19	\$ 5,840,467.29	\$ 17,071,629.48
1999	\$ 9,042,959.89	\$ 13,497,762.72	\$ 22,540,722.61
2000	\$ 11,496,101.14	\$ 7,861,234.36	\$ 19,357,335.50
2001	\$ 10,811,728.11	\$ 6,504,706.36	\$ 17,316,434.47
2002	\$ 11,374,252.63	\$ 7,184,104.87	\$ 18,558,357.50
2003	\$ 11,506,239.16	\$ 6,920,993.57	\$ 18,427,232.73
2004	\$ 10,427,735.06	\$ 9,328,460.04	\$ 19,756,195.10
2005	\$ 12,544,538.57	\$ 7,906,018.69	\$ 20,450,557.26
2006	\$ 12,873,173.23	\$ 16,302,887.51	\$ 29,176,060.74
<b>10 Year Total</b>	<b>\$ 108,520,757.26</b>	<b>\$ 84,902,744.18</b>	<b>\$ 193,423,501.44</b>

## 10 Years of Past and Future Medical Payments

Transaction Year	Past Medical	Future Medical	Grand Total
1998	\$ 5,840,467.29	\$ 14,445,633.78	\$ 20,286,101.07
1999	\$ 13,497,762.72	\$ 15,798,847.23	\$ 29,296,609.95
2000	\$ 7,861,234.36	\$ 19,712,573.45	\$ 27,573,807.81
2001	\$ 6,504,706.36	\$ 12,271,297.44	\$ 18,776,003.80
2002	\$ 7,184,104.87	\$ 13,123,532.39	\$ 20,307,637.26
2003	\$ 6,920,993.57	\$ 14,545,453.49	\$ 21,466,447.06
2004	\$ 10,375,379.04	\$ 12,234,595.39	\$ 22,609,974.43
2005	\$ 8,200,622.63	\$ 13,108,269.64	\$ 21,308,892.27
2006	\$ 16,879,655.99	\$ 16,599,432.25	\$ 33,479,088.24
2007	\$ 16,912,980.12	\$ 13,733,611.02	\$ 30,646,591.14
10 Year Totals:	\$ (100,177,906.95)	\$ (145,573,246.08)	\$ (245,751,153.03)

# The Largest Total Payments by the PCF

- Over \$8 million – 1
  - \$6-7.9 million – 7
  - \$4-5.9 million – 10
  - \$3-3.9 million – 8
  - \$2-2.9 million – 33
  - \$1-1.9 million – 102
  - \$ 400,000 - \$1 million – 808
  - Largest single payment of Past Medical expenses: \$5.3 Million (excludes Gen Dam & Interest)
- 
- (these figures include general damages and medical expenses paid to date on individual claims)

# COLLECTIONS, PAYMENTS and RATES

The following charts show the amounts collected and paid out over the years, collections and payments by provider groups and number of enrolled providers. The Oversight Board assumed management of the PCF in late 1990. Annual actuary studies were done at that time revealing the need for significant increases in rates. Rate changes from 1989 to present have resulted in huge increases in what private health care providers must pay for coverage.

It should be noted that the number of enrolled providers shown does not include medical support staff, such as nurses or lab & x-ray techs, or individual providers if they are included in a group that is enrolled as a single provider, such as an emergency physician group that has many part-time physicians serving various hospitals across the state, or medical school residents that are enrolled through the medical school. The actual number of health care providers covered by the PCF would be substantially larger if the number of these providers was known and included in the totals.



CALENDAR YEAR	TOTAL SURCHARGES COLLECTED BY PCF	TOTAL PAYMENTS BY PCF
1982	\$2,884,864.67	\$2,586,274.02
1983	\$4,148,865.43	\$3,001,981.95
1984	\$5,153,678.86	\$7,264,660.22
1985	\$12,013,068.41	\$9,776,309.69
1986	\$15,916,012.28	\$10,629,827.06
1987	\$18,261,377.15	\$18,363,837.59
1988	\$20,901,551.49	\$14,834,849.78
1989	\$24,830,374.49	\$20,716,575.41
1990	\$26,576,048.67	\$28,941,633.95
1991	\$30,596,664.64	\$32,910,271.25
1992	\$38,622,251.88	\$36,679,873.14
1993	\$46,256,338.17	\$49,061,145.87
1994	\$51,477,940.22	\$40,840,326.95
1995	\$55,217,831.50	\$44,289,624.39
1996	\$56,578,400.40	\$61,731,090.91
1997	\$65,313,768.52	\$57,925,990.96
1998	\$71,749,109.12	\$68,967,525.00
1999	\$71,960,541.93	\$81,833,845.68
2000	\$84,863,222.09	\$67,489,605.05
2001	\$94,201,761.05	\$68,187,734.86
2002	\$105,298,716.37	\$74,974,624.31
2003	\$124,223,011.32	\$80,740,866.01
2004	\$137,315,747.05	\$71,694,201.73
2005	\$135,612,584.94	\$76,591,565.38
2006	\$141,193,696.19	\$111,420,633.93
2007	\$157,052,308.00	\$108,295,176.00

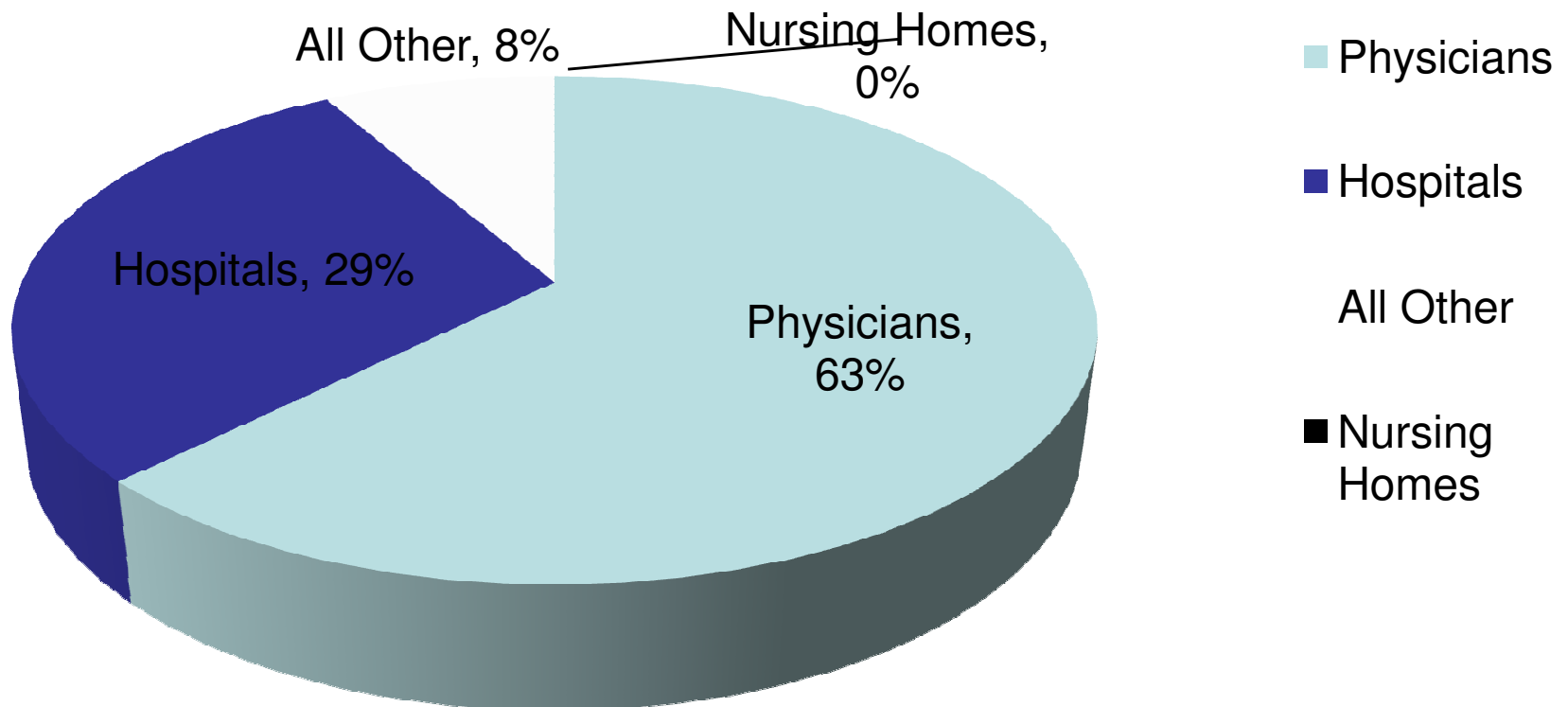
## CLAIM PAYMENTS AS OF 1992

Hospitals represent 29.2% of claim payments as of 1992 (\$42.8M/\$146.9M)

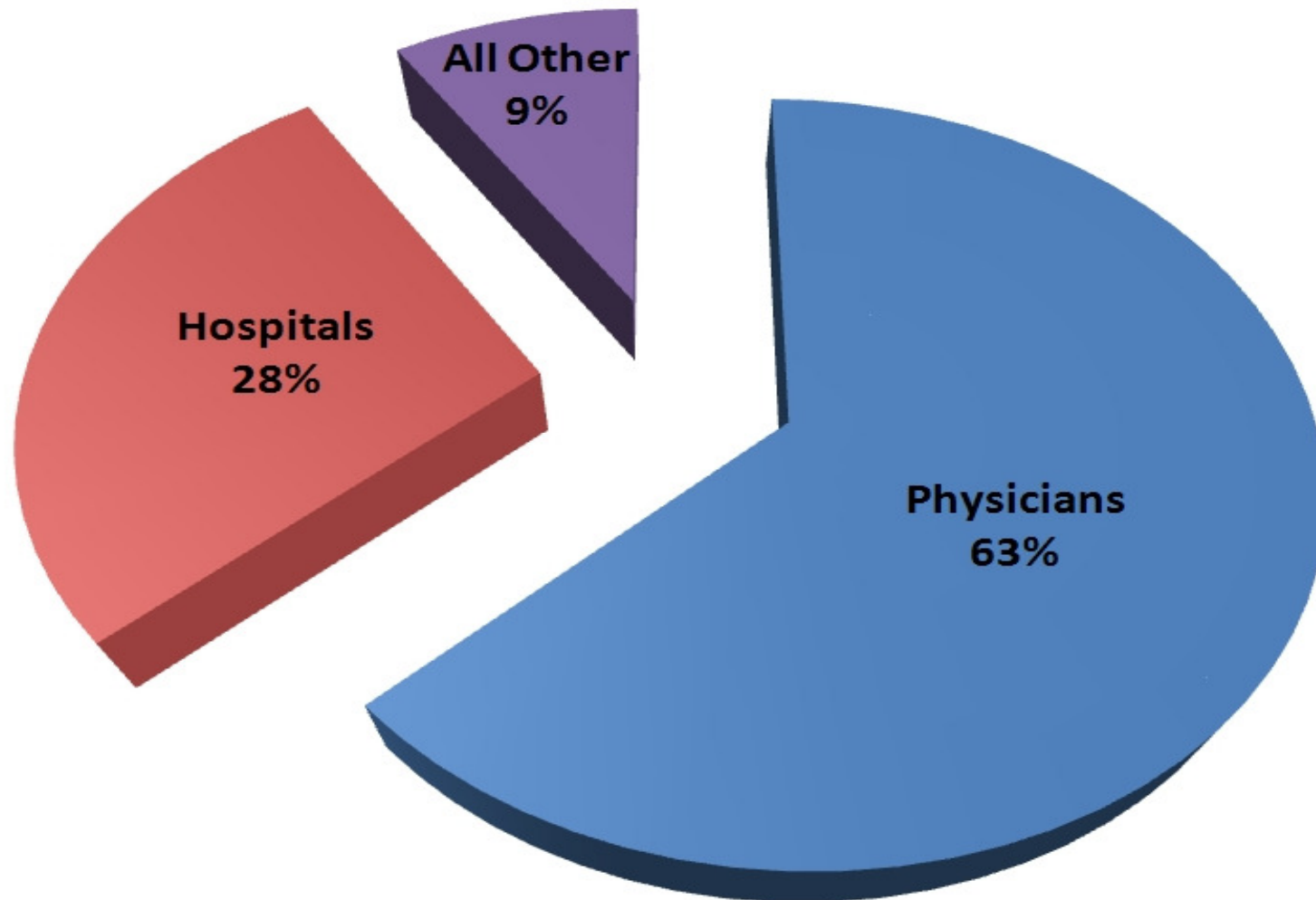
Physicians represent 62.6% of claim payments as of 1992 (\$91.9M/\$146.9M)

Nursing Homes represent 0% of claim payments as of 1992 (\$0M/146.9M)

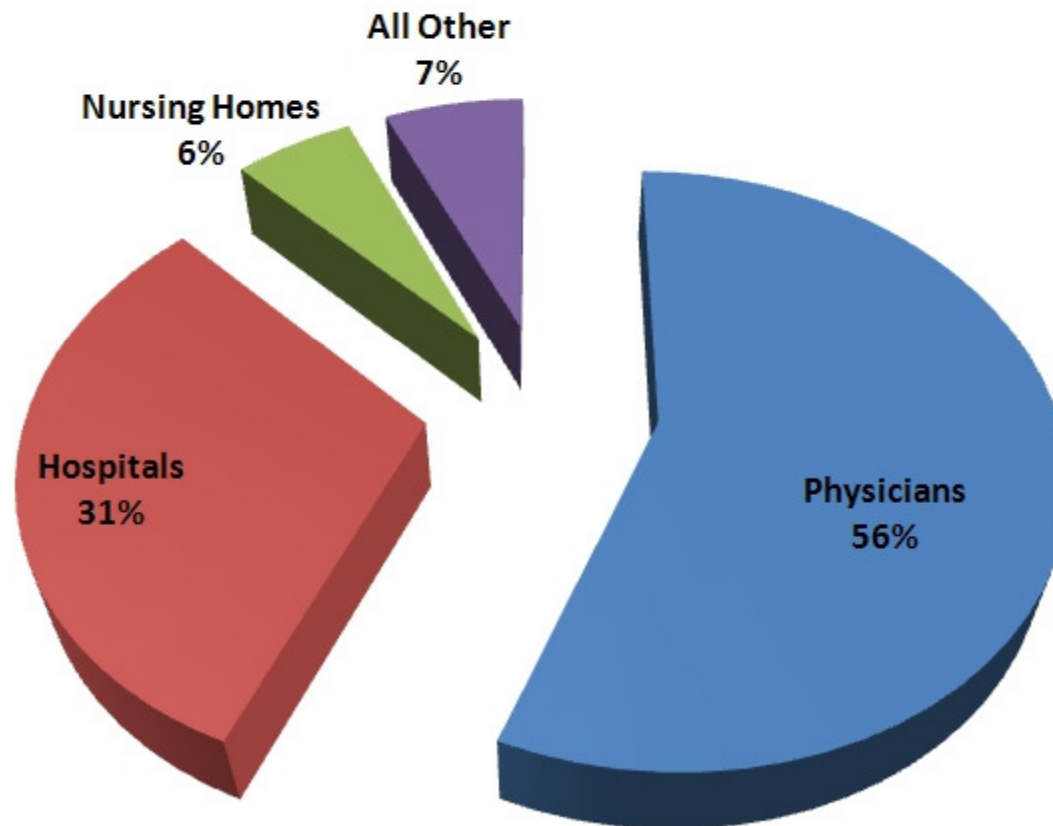
All Others represent 8.3% of claim payments as of 1992 (\$12.1M/146.9M)



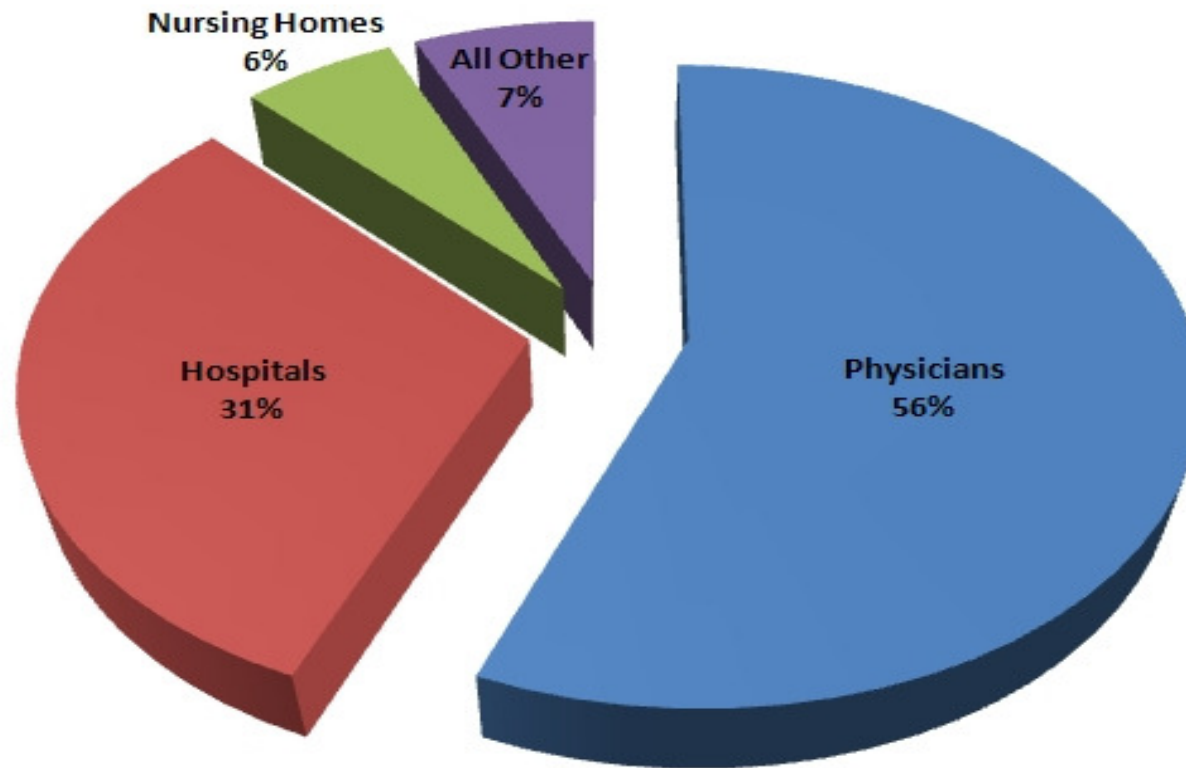
# Claim Payment Breakdown in 1997



## Claim Payment Breakdown in 2007



### Current Reserves as of 9/2008



It should be noted only 20% of claims have reserved estimates due to the lack of information provided by the underlying insurer or health care provider

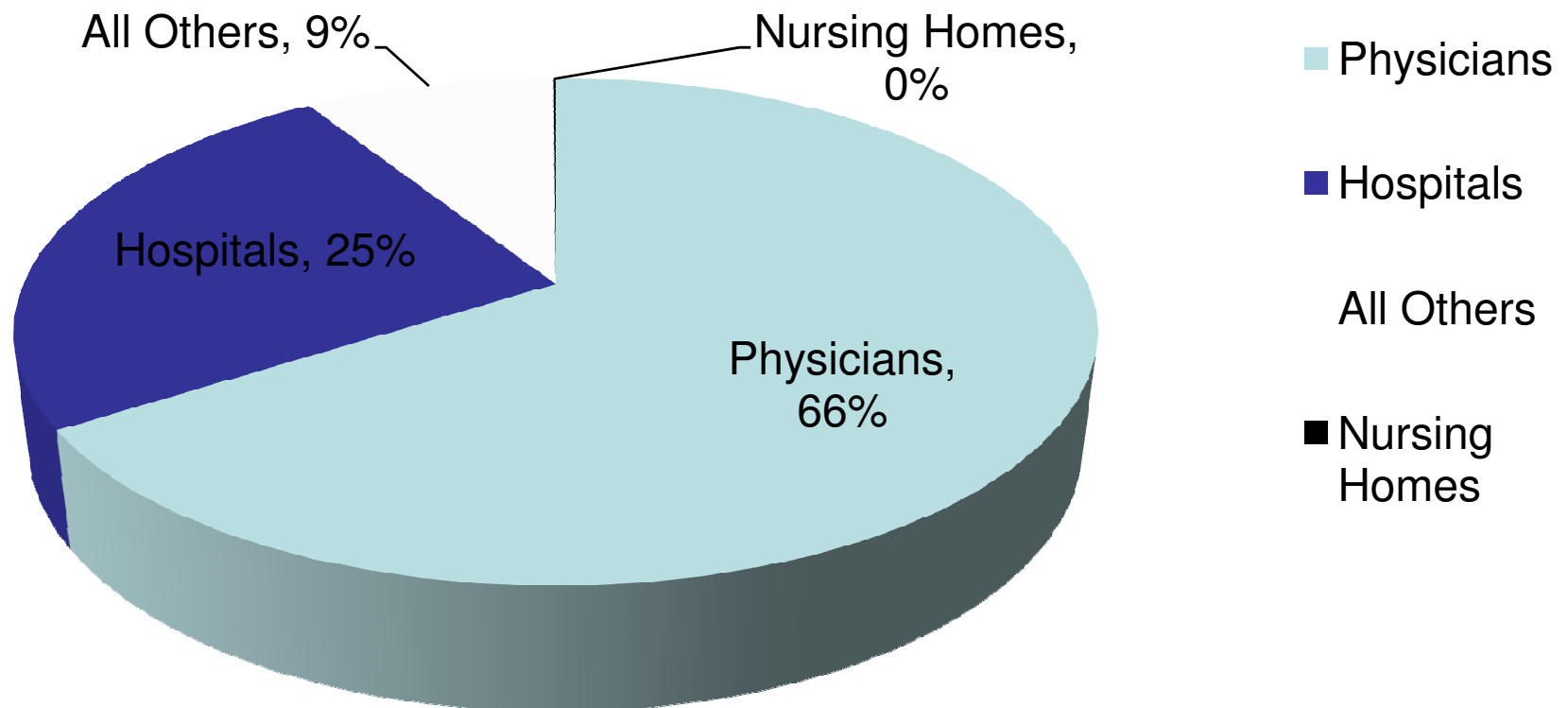
## SURCHARGES COLLECTED AS OF 1992

Hospitals represent 25.0% of surcharges collected as of 1992 (\$38.4M/\$153.7M)

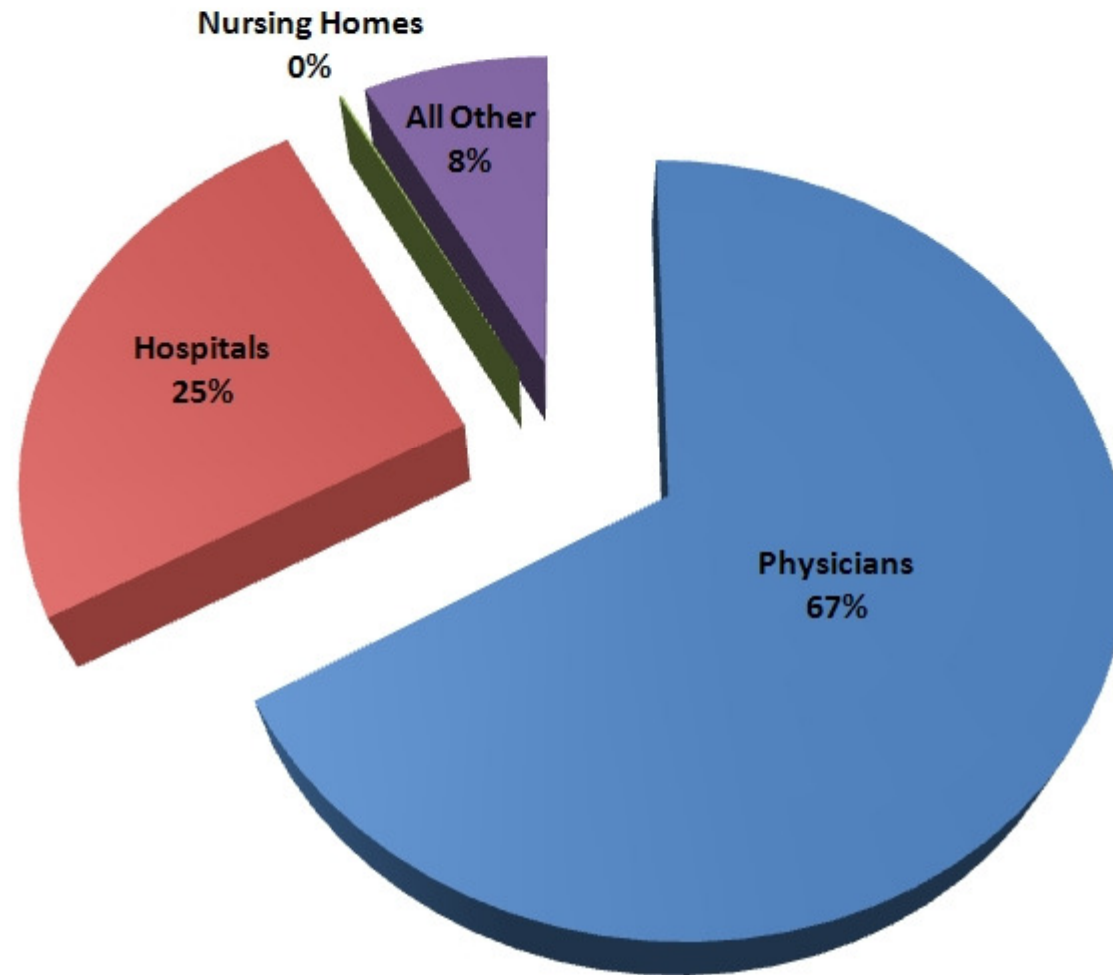
Physicians represent 66.0% of surcharges collected as of 1992 (\$101.3M/\$153.7M)

Nursing Homes represent 0.1% of surcharges collected as of 1992 (\$0.1M/153.7M)

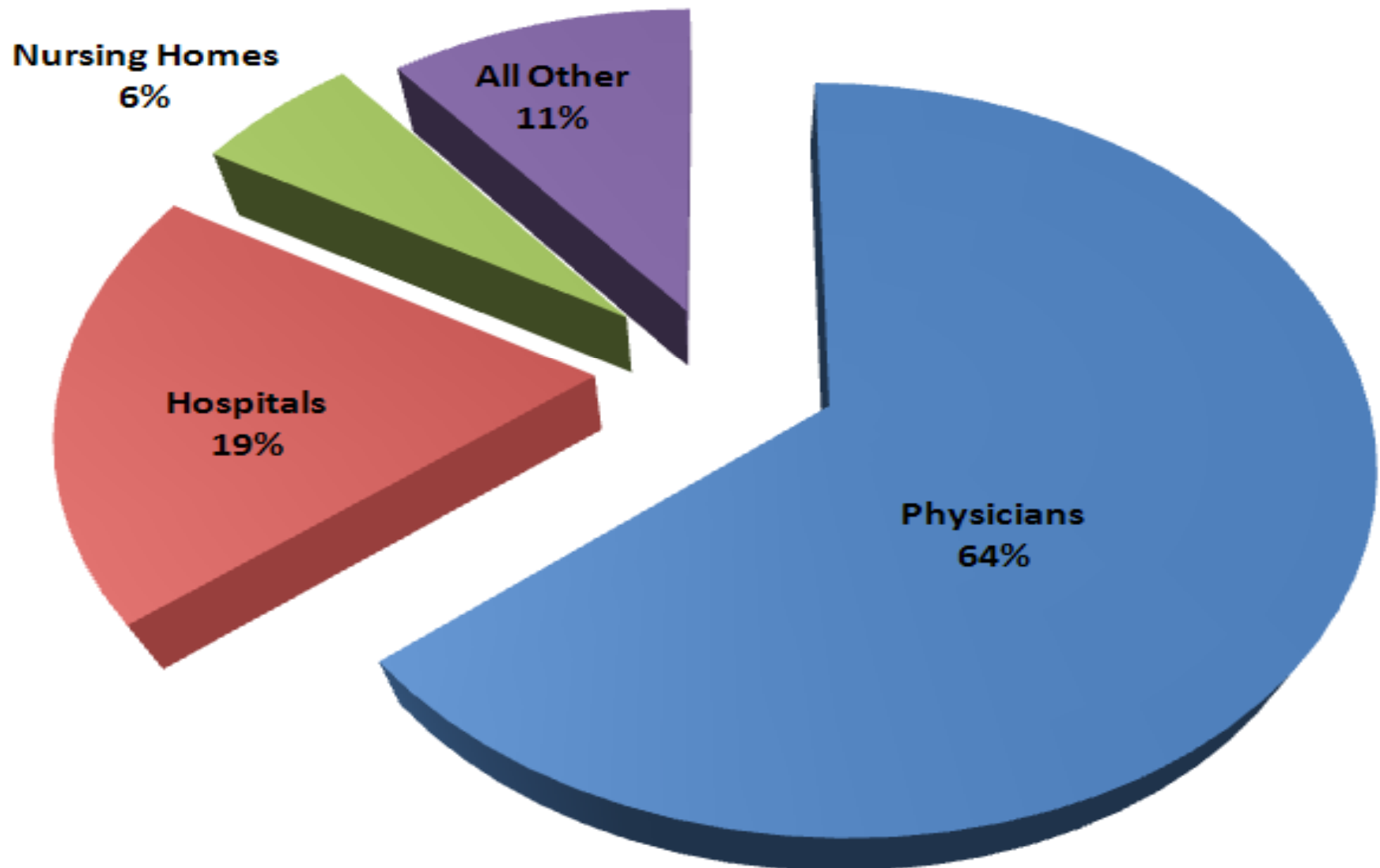
All Others represent 8.9% of surcharges collected as of 1992 (\$13.7M/153.7M)



## Surcharge Totals Collected in 1997



## Surcharges Collected in 2007





## Enrolled Providers in the Louisiana Patient's Compensation Fund

Year	Physicians	Nursing Homes	Hospitals	Dentists	RN's	All Other	Grand Total
1981	2289	1	67	605	36	397	3395
1985	2387		93	1001	172	1181	4834
1990	7260	6	140	1676	526	2839	12447
1991	7165	11	133	1658	496	2780	12243
1992	7165	21	146	1671	469	1867	11339
1993	7081	13	165	2018	578	1601	11456
1994	7287	15	166	1715	580	1628	11391
1995	7751	20	175	1689	762	1544	11941
1996	8022	15	170	1708	851	1483	12249
1997	8574	15	164	1739	944	1469	12905
1998	8850	41	176	1705	1018	1385	13175
1999	8742	83	170	1725	1105	1505	13330
2000	8727	118	188	1747	1296	1883	13959
2001	8726	241	187	1711	1458	1945	14268
2002	8799	308	179	1729	1422	2068	14505
2003	8846	320	227	1755	1683	2522	15353
2004	8967	316	240	1779	1807	2916	16025
2005	9202	325	246	1788	1972	2888	16421
2006	9056	298	220	1855	2145	2952	16526
2007	9165	292	217	1782	2278	3045	16779

## RATE INCREASES OVER THE YEARS

<b>• <u>YEARS</u></b>	<b><u>PHYSICANS %</u></b>	<b><u>HOSPITALS %</u></b>
• Jan-08	7.4	8.9
• Jan-07	11.0	10.4
• Jan-06	8.6	6.9
• Jan-05	0	0
• Jan-04	9.8	1.6
• Jan-03	19.8	17.0
• Jan-02	8.8	6.3
• Jan-01	6.3	5.1
• Jan-00	17.0	6.4
• Jan-99	7.3	9.9
• Jan-98	6.0	3.5
• Jan-97	17.0	9.0
• July-96	0	0
• July-95	0	0
• July-94	8.1	8.1
• July-93	7.8	23.0
• July-92	21.8 (37.0)*	56.3 (176.6)*
• July-91	17.5 (45.7)*	22.5 (187.7)*
• July-90	10.0	2.5
• Jan-89	10.0	10.0

\* Actuary recommendation

## Sample Rates Over the Years (for PCF Layer only)

<b>Specialty</b>	<b>1987</b>	<b>1997</b>	<b>2008</b>	<b>1987-2008</b>
Hospital (per bed)	\$ 524	\$ 1640	\$ 3096	+ 590%
Internist	2030	2906	11939	+ 588%
Gen.Surg	4443	10490	23022	+ 518%
OB/GYN	8490	20046	43996	+ 518%

# Unfunded Liability

The following charts show the estimated PCF liability exposures according to annual actuarial reports compared to the funds on deposit at the Treasurer's office. The difference is the estimated unfunded liability. These amounts are based on calendar year data.

This is a basic method of computing the estimated unfunded liability and does not take into consideration the formula in the Act used to calculate the minimum surplus level that PCF must maintain. [La R.S.40:1299.44.A.(6)(a)] which requires a fund balance of 30% in excess of the total of the amount collected, expenses and estimated amount of exposures.

<b>Year</b>	<b>Total Liability</b>	<b>PCF Funds</b>	<b>Unfunded Liability</b>
<b>1993</b>	<b>\$250,404,000</b>	<b>\$29,000,000</b>	<b>\$221,404,000</b>
<b>1995</b>	<b>\$423,500,000</b>	<b>\$58,000,000</b>	<b>\$365,500,000</b>
<b>1997</b>	<b>\$407,000,000</b>	<b>\$70,000,000</b>	<b>\$337,000,000</b>
<b>2000</b>	<b>\$357,980,841</b>	<b>\$84,880,890</b>	<b>\$273,099,951</b>
<b>2003</b>	<b>\$606,711,190</b>	<b>\$172,413,989</b>	<b>\$434,297,201</b>
<b>2006</b>	<b>\$806,694,000</b>	<b>\$364,752,401</b>	<b>\$441,941,599</b>
<b>2007</b>	<b>\$915,056,000</b>	<b>\$431,217,706</b>	<b>\$483,838,294</b>

